



**Office of the Attorney General
Paul G. Summers**

NEWS RELEASE

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ATTORNEY GENERAL DISMISSED PHILLIP MORRIS LAWSUIT

Tennessee Attorney General Paul G. Summers today announced his office would dismiss a price discrimination lawsuit against Philip Morris USA, Inc. after the company dropped the wholesale tobacco distribution program in question.

The Attorney General had alleged that the program terms under which Philip Morris sold cigarettes to Tennessee wholesalers were discriminatory. Last summer, the attorney general intervened in the lawsuit, which was filed by tobacco wholesalers in federal court in East Tennessee.

Philip Morris has since terminated that program and instituted a new program, which meets the state's satisfaction.

"Philip Morris has changed the wholesale tobacco distribution program to the extent that we do not believe it will have an adverse effect on the state's economy or on competition in Tennessee," Attorney General Summers said. "Therefore, there is no reason to continue legal action."

Neither the lawsuit nor its the dismissal affect the payments made to the State under the 1998 Master Settlement Agreement.